

CIA/OER/S-07579-75

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ESTIMATED IMPACT OF HIGHER OIL PRICES

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9 July 1975

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MEMORANDUM FOR THE RECORD

SUBJECT: The Estimated Impact of Higher Oil Prices
on OPEC's Trade Balance in 1974 and 1975

The attached estimates of the impact of higher oil prices on OPEC's trade balance in 1974 and 1975 was telephoned on 7 July to Peter Blyberg, Department of the Treasury. Mr. Blyberg requested that the information be provided as soon as possible for Assistant Secretary Cooper's use in briefing the Fraser Subcommittee on International Relations.

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Acting Chief
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Attachments:
As stated

Distribution: (S-07579)
1 - D/OER, SA/ER
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OPEC Trade Balances

1. Assuming:

- December 1973 oil prices prevail through 1975.
- Imports continue to grow from 1973 level at the 1970-1972 rate.

TABLE 1

	<u>1974</u>	<u>1975</u>
Trade Balance	<u>36</u>	<u>38</u>
Exports	60	66
Oil	54	59
Non-oil	6	7
Imports (f.o.b.)	24	28

2. Based on actual developments in 1974 and 1975. Projections for remainder of 1975 are based on assumptions of:

- No price increase in 1975.
- Imports will increase 50% in value over 1974.

TABLE 2

	<u>1974</u>	<u>1975</u>
Trade Balance	<u>84</u>	<u>57</u>
Exports	120	111
Oil	114	104
Non-oil	6	7
Imports (f.o.b.)	36	54

3. Comparison of trade balances.

TABLE 3

	<u>1974</u>	<u>1975</u>
Accrued oil revenue with:		
Current prices	84	57
December 1973 price	<u>36</u>	<u>38</u>
Difference	48	19

4. Based on a revenue payments basis.

TABLE 4

	<u>1974</u>	<u>1975</u>
Oil revenue payments* with:		
Current prices	71	56
December 1973 price	<u>36</u>	<u>38</u>
Difference	35	18

*Accruals adjusted for payments lag.

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